



Patrick W. Henning, Director

October 30, 2009

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Arnold Schwarzenegger
Governor

Ms. Kathy Kossick, Executive Director
Sacramento Employment and Training Agency
925 Del Paso Blvd.
Sacramento, CA 95815

Dear Ms. Kossick:

WORKFORCE INVESTMENT ACT
85-PERCENT PROGRAM REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2008-09

This is to inform you of the results of our review for Program Year (PY) 2008-09 of the Sacramento Employment and Training Agency's (SETA) Workforce Investment Act (WIA) 85-Percent program operations. We focused this review on the following areas: Workforce Investment Board and Youth Council composition, local program monitoring of subrecipients, management information system/reporting, incident reporting, nondiscrimination and equal opportunity, grievance and complaint system, and Youth program operations including WIA activities, participant eligibility, and Youth services.

This review was conducted by Mr. David Jansson from December 8, 2008 through December 12, 2008.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by SETA with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2008-09.

We collected the information for this report through interviews with SETA representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of selected case files, SETA's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2008-09.

We received your response to our draft report on October 20, 2009, and reviewed your comments and documentation before finalizing this report. Because your adequately addressed finding numbers 1, 3 and 4 cited in the draft report, no further action is required and we consider the issues resolved.

However, SETA did not adequately address finding #2 cited in the draft report, and we consider this finding unresolved. We request that SETA provide the Compliance Review Office with additional information to resolve the issue that led to the finding. Therefore, this finding remains open and has been assigned Corrective Action Tracking System (CATS) number 90221.

BACKGROUND

The SETA was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2008-09, SETA was allocated: \$3,930,952 to serve 23,602 adult participants; \$4,052,092 to serve 898 youth participants; and \$3,677,587 to serve 5,900 dislocated worker participants.

For the quarter ending September 30, 2009, SETA reported the following expenditures for its WIA programs: \$562,691 for adult participants; \$946,826 for youth participants; and \$2,634,304 for dislocated worker participants. In addition, SETA reported the following enrollments: 3,025 adult participants; 517 youth participants; and 396 dislocated worker participants. We reviewed case files for 31 of the 3,938 participants enrolled in the WIA program as of December 8, 2008.

PROGRAM REVIEW RESULTS

While we concluded that, overall, SETA is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: WIB representation, youth council representation, and selective service registration. The findings that we identified in these areas, our recommendations, and SETA's proposed resolution of the findings are specified below.

FINDING 1

Requirement: WIA Section 117(b)(2)(A)(iii) states, in part, that WIB board composition shall include members of labor organizations, nominated by local labor federations, or other representatives of employees.

20 CFR Section 661.315 states, in part, that membership of Local Boards must contain two or more members representing the categories described in WIA Section 117(b)(2)(A), including labor representatives. Additionally, the majority of the board must be representatives of business in the local area.

California Senate Bill (SB) 293 states, in part, that UI Code 14202 (c) added as required Local Workforce Investment Board (LWIB) members representatives of labor organizations nominated by local labor federations, including a representative of an apprenticeship program. At least 15 percent of local board members shall be representatives of labor organizations unless the local labor federation fails to nominate enough members. If this occurs, then at least 10 percent of the local board members shall be representatives of labor organizations.

Observation: We observed that the 40 member LWIB does not have the required 15 percent labor representation. SETA will need to appoint two additional labor representatives while maintaining a business representation majority.

Recommendation: We recommended that SETA provide the Compliance Review Office (CRO) a corrective action plan (CAP) along with a timeline for filling the labor vacancies. Additionally, we recommended that SETA provide documentation of these appointments to CRO.

SETA Response: The SETA stated that on February 5, 2009, the SETA Governing Board appointed one labor representative; on March 5, 2009 SETA Governing Board appointed another labor representative, bringing SETA's labor representation to six, which is approximately the required 15 percent labor representation mandated by SB 293. In addition, SETA provided a copy of the updated list of all labor representatives.

State Conclusion: We consider this finding resolved.

FINDING 2

Requirement: WIA Section 117(h)(2)(a)(v) states, in part, that Youth Council membership shall include individuals, including former participants, and representatives of organizations, that have experience relating to youth activities.

20 CFR 661.335(b)(2)&(3) states, in part, that membership of each youth council must include members who represent service agencies, such as juvenile justice and local law enforcement agencies, and members who represent local public housing authorities.

Observation: We observed that the SETA Youth Council does not have representatives of juvenile justice (or law enforcement agencies) or public housing authorities.

Recommendation: We recommended that the SETA provide CRO with a CAP and a timeline to appoint representatives of juvenile justice (or law enforcement agencies) and housing authorities. Additionally, we recommended SETA forward documentation of the appointments to CRO.

SETA Response: The SETA stated that staff will actively recruit participation from the housing authority or housing provider. Additionally, applications for appointment to the Youth Council have been sent to the Sacramento Police Department and Sacramento County Probation Department.

State Conclusion: Based on SETA's response, we cannot resolve this issue at this time. Without having board representatives for these categories appointed, SETA's Youth Council does not have the required representation. Therefore, we recommend that SETA provide CRO a timeline to fill these vacancies and provide CRO an updated Youth Council roster. Until then, this finding remains open and is assigned CATS number 90221.

FINDING 3

Requirement: 20 CFR Section 667.275(a)(1) states, in part, that recipients must comply with the nondiscrimination provisions and equal opportunity (EO) provisions.

Workforce Services Directive (WSD) 07-6 states, in part, that initial and continuing notice of nondiscriminatory practices and the right to file a complaint must be posted in prominent locations and made available to each participant. A copy of an acknowledgement of receipt must be signed by the participant.

Where the participant's file is maintained electronically, a record of such notice shall be documented in the participant's file.

Observation:

We observed that 2 out of 31 case files reviewed did not contain the signed acknowledgement forms indicating the participants had received a copy of the EO/Non-Discrimination policy and procedures as required by Federal and State regulations.

Subsequent to the review, SETA provided copies of signed participant acknowledgement forms for EO/Non-Discrimination policy specifically noting that the identified participants received copies of the policy and procedures, which adequately addressed this issue. Therefore, we consider this issue closed.

FINDING 4

Requirement:

WIA Section 189(h) requires that participants must not have violated Section 3 of the Military Selective Service Act, which requires that every male citizen and every other male residing in the United States must register with the Selective Service System (SSS) between their 18th and 26th birth dates.

WIAD04-18 states, in part, that all males who are at least 18 years of age and born after December 31, 1959, and who are not in the armed services on activity duty, must be registered for Selective Service.

WIAD01-4 states, in part, that when evaluating the documentation and statements provided by the applicant, staff must consider whether the failure to register was knowing and willful. Persons with less than honorable discharges from the armed forces or less than total paralysis may be determined eligible by demonstrating that they did not knowingly and willfully fail to register with the SSS.

Observation:

We observed in one case file that the participant had turned 18 during enrollment, but was not registered with the SSS.

Recommendation:

We recommended that SETA provide CRO with documentation demonstrating that the SSS registration for the participant noted above has been completed.

SETA Response: SETA stated they verified that the youth was registered with Selective Service on August 20, 2008 and notified EDD of this verification on February 18, 2009. The SETA response then reiterated their Selective Service registration policy.

State Conclusion: On February 18, 2009, SETA provided a Selective Service Administration online verification printout that stated a registration record cannot be found for this participant. Since the documentation provided by SETA could not verify selective service registration as SETA stated, this finding remained open. However, CRO requested online verification from the selective service system and received a printout showing the participant registered for selective services on May 20, 2009. Although we consider this finding resolved, we suggest that SETA ensure that it uses the correct documentation to verify selective service registration in order to reduce the potential of disallowed costs for expending WIA funds on ineligible individuals.

We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Office. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than December 2, 2009. Please submit your response to the following address:

Compliance Monitoring Section
Compliance Review Office
722 Capitol Mall, MIC 22M
P.O. Box 826880
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is SETA's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain SETA's responsibility.

Ms. Kathy Kossick

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October 30, 2009

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Mechelle Hayes at (916) 654-1292.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar". The signature is fluid and cursive, with the first name "Jessie" written in a larger, more prominent script than the last name "Mar".

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Greg Gibson
Jose Luis Marquez, MIC 50
Daniel Patterson, MIC 45
Roger Schmitt, MIC 50